

VILLAGE OF ALMONT
COUNTY OF LAPEER, MICHIGAN

ORDINANCE NO. 181

AN ORDINANCE TO AUTHORIZE THE PAYMENT OF AN ANNUAL SERVICE CHARGE IN LIEU OF TAXES FOR RESIDENTIAL UNITS SERVING LOW INCOME OR MODERATE INCOME PERSONS IN ACCORDANCE WITH THE STATE HOUSING DEVELOPMENT AUTHORITY, ACT 346 OF THE PUBLIC ACTS OF MICHIGAN OF 1966, AS AMENDED, AND MATTERS RELATED THERETO

THE VILLAGE OF ALMONT ORDAINS:

Section 1. Purpose. This Ordinance authorizes and approves an annual service charge in lieu of taxes for residential housing developments that: (a) serve Low Income or Moderate Income Persons (as defined in the State Housing Development Authority Act, Act 346 of the Public Acts of Michigan of 1966, as amended, and this Ordinance); (b) are financed or assisted by the Authority in accordance with Act 346; (c) are located within the Village; and (d) comply with this Ordinance.

Section 2. Title. This Ordinance shall be known and cited as the "Village of Almont Tax Exemption Ordinance."

Section 3. Preamble. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for low income citizens and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with Act 346. The Village is authorized by Act 346 and this Ordinance to establish or change the annual service charge to be paid in lieu of taxes by any and all classes of housing exempt from taxation under Act 346 at any amount it chooses not to exceed the taxes that would be paid but for Act 346. It is further acknowledged that housing for low income persons and families is a public necessity, and as the Village will be benefited and improved by such housing, the encouragement of the same by providing certain real-estate tax exemptions for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The Village acknowledges that Great Lakes Rural Development, LDHA, LLC (the "Owner" as defined in Section 4 of this Ordinance) has offered, subject to receipt of a Federally-aided Mortgage, to rehabilitate, own and operate a housing development identified as "Plaza Tower Apartments" on certain property located on North Main Street within the Village of Almont, Michigan, which is legally described in Section 4E. of this Ordinance, to serve Low Income or Moderate Income Persons, and that the Owner has offered to pay and will pay to the Village, on account of the Housing Development, an annual service charge for public services in lieu of all taxes.

Section 4. Definitions. The terms used within this Ordinance shall have the following meanings:

A. "Act" means the State Housing Development Authority Act, being Act 346 of the Public Acts of Michigan of 1966, as amended.

B. "Annual Shelter Rent" means the total actual collections during each calendar year from all occupants of a housing development representing rents or occupancy charges, which rental amounts shall be exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

C. "Authority" means the Michigan State Housing Development Authority.

D. "Class" means the Housing Development known as Plaza Tower Apartments for Low Income or Moderate Income Persons.

E. "Contract Rents" are as defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to the U. S. Housing Act of 1937, as amended.

F. "Federally-Aided Mortgage" means any of the following:

- (i) A below market interest rate mortgage insured, purchased, or held by the Secretary of the Department of Agriculture.
- (ii) A market interest rate mortgage insured by the Secretary of the Department of Agriculture and augmented by a program of rent subsidies.
- (iii) A mortgage receiving interest reduction payments provided by the Secretary of the Department of Agriculture.
- (iv) A mortgage on a Housing Development to which the Authority allocates low income housing tax credits under Section 22b.
- (v) A mortgage receiving special benefits under other federal law designated specifically to develop low and moderate-income housing, consistent with the Act.

G. "Housing Development" means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines to improve the quality of the development as it relates to housing for persons of low income. For the purposes of this Ordinance, "Housing Development" means Plaza Towers Apartments located on the property legally described as:

SECTION 22 T6N R12E A PARCEL OF LAND IN THE SW ¼ OF SEC 22 BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 22 DISTANT N 01 DEG 25' E 1485.00 FEET FROM THE SW CORNER OF SAID SECTION 22; THENCE CONTINUING N 01 DEG 25' E 231.00 FEET ALONG SAID WEST LINE; THENCE S 89 DEG 35' 40" E 678.81 FEET; THENCE S 01 DEG 25' W 66.00 FEET; THENCE N 89 DEG 35' 40" W 315.81 FEET; THENCE S 01 DEG 25' W 165.00 FEET; THENCE N 89 DEG 35' 40" W 363 FEET TO THE POINT OF BEGINNING 2.403 ACRES

H. "Low Income or Moderate Income Persons" shall be as defined in the Act, as amended.

I. "Owner" means person(s) or entities which have applied to the Authority for a payment in lieu of taxes. For the purposes of this Ordinance, the Owner is Great Lakes Rural Development, LDHA, LLC.

J. "Utilities" means fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

Section 5. Class of Housing Development This Ordinance shall apply only to the Housing Development to the extent that the Housing Development provides housing for Low Income and Moderate Income Persons and is financed or assisted by the Authority pursuant to the Act.

Section 6. Establishment of Annual Service Charge.

A. The Village acknowledges that the Owner and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and payment of an annual service charge in lieu of taxes in an amount established in accordance with this Section. In consideration of the Owner's offer to rehabilitate, own and operate the Housing Development, subject to receipt of the Tax Credits from the Authority, the Village agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes that would otherwise be assessed to the Housing Development under Michigan law.

(1) Effective upon the adoption of this ordinance and subject to the receipt by the Village of the Notification of Exemption" (or such other similar notification) by the Owner and/or the Authority, the annual service charge shall be equal to \$11,000.00.

(2) Each year thereafter, the annual service charge to be paid by the Owner to the Village, as stated in subsection (1) above, shall increase two percent (2%). Assuming the Housing Development is exempt from taxes and subject to the annual service charge in lieu of taxes beginning in the year 2010, the amounts due under the terms of this Ordinance will be as follows:

| Year of PILOT | Calendar Year | Annual Service Charge | 2% Annual Increase | Year of PILOT | Calendar Year | Service Charge | 2% Annual Increase |
|------------------|------------------|-----------------------------|-----------------------|------------------|------------------|-------------------|-----------------------|
| 1 | 2010 | \$ 11,000.00 | \$ - | 11 | 2020 | \$ 13,408.94 | \$ 262.92 |
| 2 | 2011 | \$ 11,220.00 | \$ 220.00 | 12 | 2021 | \$ 13,677.12 | \$ 268.18 |
| 3 | 2012 | \$ 11,444.40 | \$ 224.40 | 13 | 2022 | \$ 13,950.66 | \$ 273.54 |
| 4 | 2013 | \$ 11,673.28 | \$ 228.88 | 14 | 2023 | \$ 14,229.67 | \$ 279.01 |
| 5 | 2014 | \$ 11,906.75 | \$ 233.47 | 15 | 2024 | \$ 14,514.26 | \$ 284.59 |
| 6 | 2015 | \$ 12,144.88 | \$ 238.14 | 16 | 2025 | \$ 14,804.55 | \$ 290.29 |
| 7 | 2016 | \$ 12,387.78 | \$ 242.90 | 17 | 2026 | \$ 15,100.64 | \$ 296.09 |
| 8 | 2017 | \$ 12,635.54 | \$ 247.76 | 18 | 2027 | \$ 15,402.65 | \$ 302.03 |
| 9 | 2018 | \$ 12,888.25 | \$ 252.71 | 19 | 2028 | \$ 15,710.70 | \$ 308.05 |
| 10 | 2019 | \$ 13,146.02 | \$ 257.77 | 20 | 2029 | \$ 16,024.91 | \$ 314.21 |

B. The Housing Development, and the property on which it shall be constructed, shall be exempt from all property taxes from and after the commencement of rehabilitation of the Housing Development by the Owner under the terms of this Ordinance. Except as otherwise set forth herein.

Section 7. Modification of the Payment of Annual Service Charge. Notwithstanding Section 6, if any portion of the Housing Development is occupied by other than Low Income and Moderate Income Persons, the full amount of the taxes that would be paid on those units of the Housing Development if the Housing Development were not tax exempt shall be added to the service charge in lieu of taxes.

Section 8. Contractual Effect of Ordinance. Notwithstanding the provisions of Section 15(a)(5) of the Act to the contrary, and subject to the terms of this Ordinance including, but not limited to Section 11 herein, this Ordinance constitutes a contract between the Village and the Owner to provide an exemption from ad valorem property taxes and to accept the payment of an annual service charge in lieu of such taxes, as previously described in this Ordinance. It is expressly recognized that the Authority is a third party beneficiary to this Ordinance.

Section 9. Payment of Service Charge. The service charge in lieu of taxes shall be payable to the Village in the same manner as ad valorem property taxes are payable..

Section 10. Duration.

- A. Subject to subsection B, below, this Ordinance shall remain in effect and shall not terminate for a maximum term of 20 years, subject to review after each five (5) year period, as set forth in detail below and so long as the House Development remains subject to income and rent restrictions pursuant to an allocation by the Authority of Low Income Housing Tax Credits, as provided for in M.C.L. 125.1415a and 125.1422b, as amended, and so long as the housing development submits the required annual notification of exemption pursuant to M.C.L. 125.1415a(l), as amended. Review shall be subject to notification by either party ninety (90) days prior to the end of each five (5) year period.
- B. This Ordinance shall automatically terminate if rehabilitation of the Housing Development (a) does not commence within two (2) years from the effective date of this Ordinance, or (b) is not completed within one (1) year of commencement of rehabilitation. For purposes of this Section, "completed" means the issuance of a Certificate of Occupancy by the Village of Almont building and/or zoning official.

Section 11. Filing of Annual Audit The Owner, or its successor, shall file a copy of any and all audits required to be provided to the federal government, the State of Michigan, and/or the Authority simultaneously with the Village. The audit shall include detail with respect to occupancy of the Housing Development, Annual Shelter Rents received from the Housing Development, and the cost for utilities during the audit period.

Section 12. Publication; Effective Date. This Ordinance shall become effective upon the date of publication.

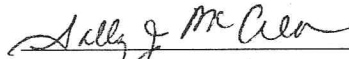
Section 13. Repeal. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict

STATE OF MICHIGAN)

) ss.

COUNTY OF LAPEER)

I, the undersigned, the duly qualified and acting Clerk of the Village of Almont, Lapeer County, Michigan, do hereby certify that the foregoing Ordinance was adopted by the Village of Almont Council at a regular meeting held on the 15th day of December, 2009. And that the meeting was held in compliance with notice provisions and all other requirements of Act 267 of the Public Acts of 1976, as amended.


Sally McCrea, Village Clerk

This Ordinance No 181 was published in the Tri-City Times on the 23rd day of December, 2009 and became effective on that date.